



Catholic Charities

Archdiocese of Hartford

**TESTIMONY IN SUPPORT OF H.B. No. 6947:
An Act Concerning State Contracts for Human Services**

Submitted By: Marek Kukulka, Chief of Operations,
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To the Human Services Committee

Public Hearing Date: March 12, 2015

Senator Moore, Representative Abercrombie, Senator Markley, Representative Wood and distinguished members of the Human Services Committee, my name is Marek Kukulka and I am the COO of Catholic Charities, Inc. Archdiocese of Hartford. Catholic Charities is a family and children's human services agency which provides services to over 26,000 individuals and families without regard to race, religion, or economic circumstances each year. As a multiservice agency we serve adults and children with significant mental illness, substance use disorders, physical and intellectual disabilities, victims of domestic or community violence. Our services also include early childhood education, infant toddler care, elderly, migration and refugee as well as family support and education to name a few. We are among the 500+ member agencies of the Connecticut Association of Nonprofits (CT Nonprofits.)

I would like to share my support for H.B. 6947, **An Act Concerning Purchase of Service Contracts**. This bill asks the Governor and legislators to appropriately fund nonprofit providers by including an increase, commonly referred to as a cost of living adjustment, in all future Purchase of Service (POS) contracts and Medicaid fee-for service accounts consistent with the average annual growth of the Consumer Price Index or inflation. This increase in funding is necessary because the state has often failed to adequately fund nonprofit providers. This has forced nonprofits to close, compete against one another for scarce resources, layoff employees, reduce benefit packages; altogether creating a win or lose system that weakens the entire nonprofit sector and threatens its sustainability.

As an example, for over 8 years our organization has not been able to provide for many of our staff a wage that reflected annual cost of living increases. This presents a significant struggle in maintaining a quality workforce as on many occasions our employees have moved on to state employment or similar jobs elsewhere for significantly higher wages and better benefits. In just one of our evidenced-based programs providing specialized clinical, in-home services, in the period of 18 months, we have lost five clinicians after investing extensive time in training them in the evidence-based model. In addition to staff turnover, we have also lost productivity of staff while they have been receiving training in evidence practices.

In addition to inability to provide living wages, we had to accommodate increases of the cost of health insurance for our employees, increasing both the employer and employee costs of medical premiums. Without any increase of payment for our services by the state, each year we have to absorb increases in vendor costs for supplies, occupancy costs, mileage reimbursement rates, and our contracted services such as psychiatry time.

Our professional staff is required to participate in an extensive, ongoing training as well as is obliged to obtain credentialing without increases in reimbursement to cover the costs or to cover the costs to the agency of lost productivity from third party billing.

We have been challenged to cover the costs of technology upgrades which are crucial nowadays to conduct business. These particular costs are not only related to changing software and hardware technology, but also to keeping up with changes to data systems required by the state funding agencies so that we are able to export required program delivery and client information.

The list of challenges caused by inadequate funding keeps growing to no avail.

In order to maintain the ability to provide services that we have been contracted to provide by the state, we have been subsidizing the gap between the reimbursement rates and true costs by rising funds through fundraising and philanthropic foundations just to find out that we have been competing for the same resources with other community partners and human service organizations who find themselves in the same predicament. Something has to be done soon before the system of valued, reliable, and trusted community human service providers collapses.

This legislation makes a commitment to address those issues by properly investing in the nonprofit sector, a commitment the state has already made through 1,585 POS contracts serving approximately 500,000 residents (15% of the population) among ten state agencies totaling \$1.38 billion or 7.3% of the state budget. While any increase in funding may seem impossible in these tough budget years, policymakers simply can't afford not to do this. Our employees are some of the hardest working professionals across the state and have had to bear the burden of underfunding, going years without salary increases while simultaneously watching benefit packages deteriorate.

Consequentially, many of us struggle to keep a quality workforce, as we experience high turnover with employees considering state employment or similar jobs providing higher wages and better benefits. In turn, high turnover adversely affects the clients we serve who have grown comfortable with their nurse, social worker, roommate or mentor. The reality is that the health and human service nonprofit providers have been continuously underfunded over the past two decades, pushing many of us to our breaking point.

This bill represents an opportunity to improve the quality of life and economic activity in your communities for your constituents. Investing in nonprofit providers will improve service delivery, increase economic activity, and save taxpayer money. This bill is a "win-win" for policymakers working to strengthen the economy, the nonprofit workforce trying to make ends meet, and the clients (and their families) who receive cost-effective, high-quality and efficient services from nonprofit providers. I ask for your commitment now to require that future nonprofit-government contracts are tied to the growth in CPI and/or inflation to ensure adequate funding of contracted services.

Thank you again for your time and consideration. Please contact me with any questions or for additional information.

Respectfully submitted,

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